

HEALY & BAILLIE, LLP
Attorneys for Plaintiff
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John C. Koster (JK-4086)
David D. Jensen (DJ-2261)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IROQUOIS GAS TRANSMISSION SYSTEM
L.P.,

Plaintiff,

-against-

ASSOCIATED ELECTRIC & GAS INSURANCE
SERVICES LTD., Hamilton, Bermuda; CERTAIN
UNDERWRITERS AT LLOYD'S; AON RISK
SERVICES OF TEXAS, INC.; and AMERICAN
HOME ASSURANCE CO.,

Defendants.

(ECF Case)

05 Civ. 2149 (JSR)

**PLAINTIFF'S RESPONSE TO
DEFENDANT ASSOCIATED
GAS & ELECTRIC INSURANCE
SERVICES' MOTION TO STAY
OR DISMISS PENDING
ARBITRATION**

Plaintiff, Iroquois Gas Transmission System L.P. (hereinafter "Iroquois"), by its attorneys Healy & Baillie, LLP, submits the following response to the motion of Defendant Associated Gas and Electric Insurance Services Ltd. ("AEGIS") to stay or dismiss the action pending London arbitration.

Iroquois does not oppose AEGIS' motion to the extent the motion seeks a stay of Plaintiff's action against AEGIS (only) pending London arbitration.

Iroquois opposes AEGIS' motion to the extent the motion seeks to dismiss the instant proceedings because: (1) the issue of AEGIS' obligations under its policy of protection and indemnity insurance is or may become intertwined with the obligations of other insurers to defend and indemnify Plaintiff, such that it may be necessary for AEGIS to remain a party to these proceedings even though the dispute between Iroquois and AEGIS is subject to arbitration; and (2) the Federal Arbitration Act, 9 U.S.C. § 3, does not provide for a dismissal of Plaintiff's action, but only to "stay the trial of the action until such arbitration has been had in accordance with the terms of the agreement."

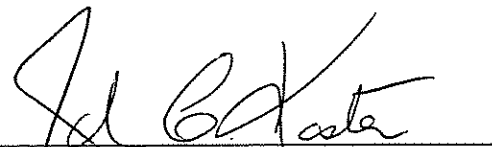
Accordingly, Plaintiff requests that the Court enter an Order staying Plaintiff's action against Defendant AEGIS pending the outcome of London arbitration between the two parties and directing the parties to expeditiously proceed with and conclude the London arbitration.

Plaintiff reserves the right to seek judicial relief to enforce the terms of the arbitration agreement in the unlikely event such action is necessary.

Dated: New York, New York
July 6, 2005

HEALY & BAILLIE, LLP

By

A handwritten signature in dark ink, appearing to read "John C. Koster", written over a horizontal line.

John C. Koster (JK-4086)
David D. Jensen (DJ-2261)
Attorneys for Plaintiffs
61 Broadway, 32nd Floor
New York, New York 10006-2701
(212) 943-3980

TO: NOURSE & BOWLES, LLP
Attorney for Defendant Associated Electric & Gas Insurance Services Ltd.
55 Broadway
New York, New York 10006-3030
Attention: John P. Vayda, Esq.

DONOVAN, PARRY, McDERMOTT & RADZIK
Attorney for Defendant Certain Underwriters at Lloyd's
Wall Street Plaza, 88 Pine Street
New York, New York 10005-1801
Attention: Edward C. Radzik, Esq.

DECHERT, LLP
Attorney for Defendant Aon Risk Services of Texas, Inc.
30 Rockefeller Plaza
New York, New York 10112-2200
Attention: Rodney M. Zerbe, Esq.

AFFIDAVIT OF SERVICE

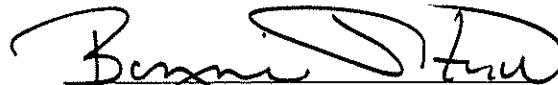
STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Bonnie Pitera, being duly sworn, deposes and says that she is over the age of eighteen (18) years and is not a party to this action; that on the 6th day of July, 2005, she served the within **PLAINTIFF'S RESPONSE TO DEFENDANT ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES' MOTION TO STAY OR DISMISS PENDING ARBITRATION** by depositing a true copy thereof enclosed in a post-paid wrapper, in an official depository under the exclusive care and custody of the U.S. Postal Service within New York State, addressed to the following persons at the last known address set forth after their names:

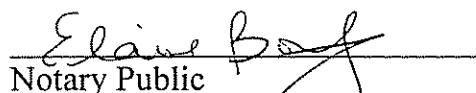
NOURSE & BOWLES, LLP
Attorneys for Defendant
ASSOCIATED ELECTRIC & GAS
INSURANCE SERVICES LTD.
Attention: John P. Vayda, Esq.
One Exchange Plaza
55 Broadway
New York, New York 10006-3030

DECHERT, LLP
Attorney for Defendant
AON RISK SERVICES OF TEXAS,
INC.
Attention: Rodney M. Zerbe, Esq.
30 Rockefeller Plaza
New York, New York 10112-2200

DONOVAN PARRY McDERMOTT &
RADZIK
Attorneys for Defendant
CERTAIN UNDERWRITERS AT
LLOYD'S
Attention: Edward C. Radzik, Esq.
Wall Street Plaza
88 Pine Street, 21st Floor
New York, New York 10005-1801


Bonnie Pitera

Sworn to before me this
the 6th day of July, 2005


Notary Public

ELAINE BONOWITZ
Notary Public, State of New York
No. 43-4893320
Qualified in Richmond County
Certificate Filed in New York County
Commission Expires May 11, 2007